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Water Power Department

POWER SYSTEM

SEP 17 2015

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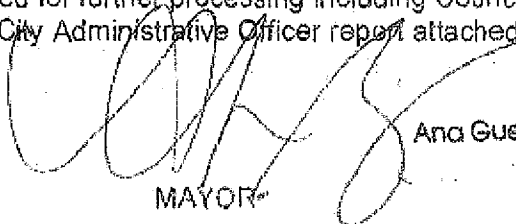
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**TRANSMITTAL**

TO Marcie L. Edwards, General Manager Department of Water and Power	DATE <b>SEP 11 2015</b>	COUNCIL FILE NO
FROM The Mayor	COUNCIL DISTRICT	

**SYLMAR GROUND RETURN SYSTEM - ORDINANCE AUTHORIZING CRITERIA FOR A DESIGN-BUILD CONTRACT TO BE LET USING A COMPETITIVE SEALED BID PROPOSAL METHOD**

Approved and transmitted for further processing including Council consideration.  
See the City Administrative Officer report attached.



Ana Guerrero  
MAYOR

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: September 9, 2015

CAO File No. 0220-05165-0000

Council File No.:

Council District:

To: The Mayor

From: Miguel A. Santana, City Administrative Officer 

Reference: Communication from the Department of Water and Power dated May 4, 2015; referred by the Mayor for report on May 18, 2015

Subject: **SYLMAR GROUND RETURN SYSTEM - ORDINANCE AUTHORIZING CRITERIA FOR A DESIGN-BUILD CONTRACT TO BE LET USING A COMPETITIVE SEALED BID PROPOSAL METHOD**

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### SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution and ordinance to authorize Design-Build contract selection criteria for replacement of two Direct Current (DC) electrode cables that the DWP intends to let using a competitive sealed bid proposal method in accordance to Charter Section 371(b). Approval will:

- (1) Establish criteria for DWP to select a Design-Build contract to replace two DC electrode cables as part of the Sylmar Ground Return System (SGRS) Project;
- (2) Permit negotiations after proposals have been opened, in order to allow clarifications and changes to the proposals; and
- (3) Award a Design-Build contract for a term not to exceed five years, to a bidder with the lowest ultimate cost, as determined by DWP.

Replacement of the DC electrode cables is part of the SGRS Replacement Project. The DC electrode is an integral part of the Pacific DC Intertie (PDCI), a major electrical transmission link between the northwestern and southwestern United States. The existing DC electrode contains original equipment that was commissioned along with the construction of the PDCI in 1970. The DC electrode has since exceeded its reliable useful life and requires frequent repairs. The DC electrode replacement project involves replacing the existing electrode cables along a four mile segment offshore (underwater) and an eight mile underground segment on land. Replacement of the four mile segment offshore will be provided under the requested Design-Build contract while DWP forces will replace the eight mile segment on land.

The SGRS essential function is to carry an electric current away from the PDCI during a disturbance, outage, or anomaly on the PDCI Transmission Line. This transmission line runs between the Celilo Converter Station in Oregon to the Sylmar Converter Station (SCS) located in the north San Fernando Valley. Celilo is owned and operated by the Bonneville Power

Administration (BPA). The SCS is owned by several participants consisting of DWP (40 percent and managing participant), Southern California Edison (50 percent), the City of Burbank (3.848 percent), the City of Glendale (3.846 percent), and the City of Pasadena (2.308 percent). All participants of the SCS will be responsible for costs of the Project based on their respective ownership shares.

The contract duration is anticipated to be up to five years with a total estimated cost of \$114 million. DWP will receive cost reimbursements estimated at \$68.4 million (60 percent), paid quarterly, from the other SCS participants resulting in a net cost to DWP of \$45.6 million (40 percent).

The Department states that a competitive sealed proposal with negotiations is necessary to allow DWP to obtain the best value. Furthermore, the technical details and complexity of the electrode replacement make it not practical or feasible to write detailed specifications, advertise, open bids publicly, and award these contracts without any clarifications, changes, or negotiations for this highly complex project. Consistent with Charter Section 371(b), Design-Build or other appropriate project delivery methods may be used when justified by the type of project and approved by the contracting authority.

Pursuant to Charter Section 371(b), for competitive sealed proposals, a vote of two-thirds of the City Council approving the contract selection criteria by ordinance is required to let a contract using a competitive sealed proposal method. Furthermore, approval of the proposed resolution is in accordance to Charter Section 371(a) for Competitive Bidding, Section 373 for contracts that exceed three years, and Section 674, by ordinance, for Power Contracts. The City Attorney has approved the proposed resolution and ordinance as to form and legality.

## RECOMMENDATIONS

That the Mayor:

1. Approve the proposed Ordinance which authorizes the contract selection criteria for a Design-Build contract to replace two Direct Current electrode cables that the DWP intends to let using a competitive sealed bid proposal method, and authorizes the award of a contract with a duration not to exceed five years; and
2. Return the proposed Ordinance to the Department for further processing, including Council consideration and approval by a two thirds vote pursuant to Charter Section 371(b).

## FISCAL IMPACT STATEMENT

Approval of the proposed Ordinance will result in a total expenditure estimated at \$114 million which is included in the DWP Power System Capital Budget as part of the Multi-Year Expenditure Plan. DWP will receive cost reimbursements estimated at \$68.4 million (60 percent) from the other Sylmar Converter Station participants resulting in a net estimated cost to DWP of \$45.6 million. The proposed agreement complies with the Department's adopted Financial Policies. There is no impact to the City General Fund.

**TIME LIMIT FOR COUNCIL ACTION**

The City Attorney has advised that there is no time limitation on this action due to the ordinance approval requirement.

MAS:MCD/RR:06160022